

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

SB 611 - HB 1507

February 24, 2009

SUMMARY OF BILL: Prohibits local education agencies (LEAs) from supplanting local matching funds required under the maintenance of effort law with state BEP funds. Incorporates the use of an inflationary indicator known as the government price deflator for the purpose of determining LEAs' required matching funds.

ESTIMATED FISCAL IMPACT:

Increase Local Expenditures - \$60,876,700*

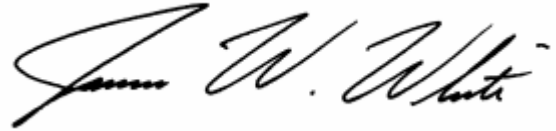
Assumptions:

- Currently, the government price deflator is incorporated into the overall BEP formula but is not used to determine the individual LEA match rate for the maintenance of effort test (MOE).
- Using the current government price deflator inflation rate issued by the University of Tennessee's Center for Business and Economic Research of approximately two percent, will increase the annual MOE of individual LEAs in the absence of local governments actually raising their match. According to the Department of Education, such an increase in local expenditures statewide is estimated to be approximately \$60,876,738.
- Please see attached spreadsheet for a complete breakdown of costs for individual LEAs.

**Article II, Section 24 of the Tennessee Constitution provides that: no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is written in a cursive style with a large initial "J" and a distinct "W".

James W. White, Executive Director

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	Inflation Rate to MOE						
						FY10 BEP Inflation Factors	
						0.0057 Non-Compensation	
						0.0286 Compensation	
						\$ 0.02 Combined	
		-6	(6) - (5)				
					% Above Required Local Match	Required Proposed MOE Budget Level	Increases
District	2008-2009 MOE Budget Levels	2008-2009 BEP Required Local Match	Differences				
10 Anderson County	22,454,062.00	11,908,000.00	10,546,062.00	88.6%	22,923,351.90	469,289.90	
11 Clinton City	2,963,357.00	1,374,000.00	1,589,357.00	115.7%	3,025,291.16	61,934.16	
12 Oak Ridge City	25,442,823.00	7,181,000.00	18,261,823.00	254.3%	25,974,578.00	531,755.00	
20 Bedford County	9,695,164.00	10,210,000.00	(514,836.00)	-5.0%	9,897,792.93	202,628.93	
30 Benton County	5,839,229.00	2,745,000.00	3,094,229.00	112.7%	5,961,268.89	122,039.89	
40 Bledsoe County	1,745,441.00	1,549,000.00	196,441.00	12.7%	1,781,920.72	36,479.72	
50 Blount County	30,160,000.00	22,513,000.00	7,647,000.00	34.0%	30,790,344.00	630,344.00	
51 Alcoa City	8,161,500.00	2,878,000.00	5,283,500.00	183.6%	8,332,075.35	170,575.35	
52 Maryville City	21,644,988.00	9,080,000.00	12,564,988.00	138.4%	22,097,368.25	452,380.25	
60 Bradley County	19,765,020.00	17,841,000.00	1,924,020.00	10.8%	20,178,108.92	413,088.92	
61 Cleveland City	14,450,662.00	8,064,000.00	6,386,662.00	79.2%	14,752,680.84	302,018.84	
70 Campbell County	8,110,980.00	7,880,000.00	230,980.00	2.9%	8,280,499.48	169,519.48	
80 Cannon County	2,560,770.00	2,018,000.00	542,770.00	26.9%	2,614,290.09	53,520.09	
90 Carroll County	1,256,799.00	517,000.00	739,799.00	143.1%	1,283,066.10	26,267.10	
92 H Rock-Bruceon SSD	715,000.00	675,000.00	40,000.00	5.9%	729,943.50	14,943.50	
93 Huntingdon SSD	1,628,875.00	1,151,000.00	477,875.00	41.5%	1,662,918.49	34,043.49	
94 McKenzie SSD	1,264,257.00	1,260,000.00	4,257.00	0.3%	1,290,679.97	26,422.97	
95 South Carroll Co SSD	530,292.00	377,000.00	153,292.00	40.7%	541,375.10	11,083.10	
97 West Carroll Co SSD	1,371,953.00	1,001,000.00	370,953.00	37.1%	1,400,626.82	28,673.82	
100 Carter County	9,060,184.00	6,945,000.00	2,115,184.00	30.5%	9,249,541.85	189,357.85	
101 Elizabethton City	5,400,450.00	2,182,000.00	3,218,450.00	147.5%	5,513,319.41	112,869.41	
110 Cheatham County	10,107,697.00	7,561,000.00	2,546,697.00	33.7%	10,318,947.87	211,250.87	
120 Chester County	2,488,800.00	2,398,000.00	90,800.00	3.8%	2,540,815.92	52,015.92	
130 Claiborne County	8,862,425.00	5,137,000.00	3,725,425.00	72.5%	9,047,649.68	185,224.68	
140 Clay County	1,746,276.00	1,119,000.00	627,276.00	56.1%	1,782,773.17	36,497.17	
150 Cooke County	7,752,335.00	5,598,000.00	2,154,335.00	38.5%	7,914,358.80	162,023.80	
151 Newport City	1,593,550.00	792,000.00	801,550.00	101.2%	1,626,855.20	33,305.20	
160 Coffee County	11,517,327.00	7,625,000.00	3,892,327.00	51.0%	11,758,039.13	240,712.13	
161 Manchester City	4,794,227.00	2,291,000.00	2,503,227.00	109.3%	4,894,426.34	100,199.34	
162 Tullahoma City	12,467,220.00	5,513,000.00	6,954,220.00	126.1%	12,727,784.90	260,564.90	
170 Crockett County	1,804,741.00	1,456,000.00	348,741.00	24.0%	1,842,460.09	37,719.09	
171 Alamo City	464,606.00	447,000.00	17,606.00	3.9%	474,316.27	9,710.27	
172 Bells City	364,184.00	308,000.00	56,184.00	18.2%	371,795.45	7,611.45	

Inflation Rate to MOE							
						FY10 BEP Inflation Factors	
						0.0057	Non-Compensation
						0.0286	Compensation
						\$	0.02 Combined
		-6		(6) - (5)			
District	2008-2009 MOE Budget Levels	2008-2009 BEP Required Local Match	Differences	% Above Required Local Match	Required Proposed MOE Budget Level	Increases	
180	Cumberland County	13,921,140.00	13,909,000.00	12,140.00	0.1%	14,212,091.83	290,951.83
190	Davidson County	397,426,000.00	251,699,000.00	145,727,000.00	57.9%	405,732,203.40	8,306,203.40
200	Decatur County	2,996,742.00	2,135,000.00	861,742.00	40.4%	3,059,373.91	62,631.91
210	DeKalb County	3,719,925.00	3,921,000.00	(201,075.00)	-5.1%	3,797,671.43	77,746.43
220	Dickson County	19,144,576.00	12,789,000.00	6,355,576.00	49.7%	19,544,697.64	400,121.64
230	Dyer County	9,175,822.00	5,450,000.00	3,725,822.00	68.4%	9,367,596.68	191,774.68
231	Dyersburg City	8,645,000.00	4,588,000.00	4,057,000.00	88.4%	8,825,680.50	180,680.50
240	Fayette County	8,802,166.00	6,866,000.00	1,936,166.00	28.2%	8,986,131.27	183,965.27
250	Fentress County	3,490,712.00	2,943,000.00	547,712.00	18.6%	3,563,667.88	72,955.88
260	Franklin County	13,398,398.00	8,641,000.00	4,757,398.00	55.1%	13,678,424.52	280,026.52
271	Humboldt City	2,683,713.00	1,598,000.00	1,085,713.00	67.9%	2,739,802.60	56,089.60
272	Milan SSD	5,018,030.00	2,291,000.00	2,727,030.00	119.0%	5,122,906.83	104,876.83
273	Trenton SSD	2,792,050.00	1,609,000.00	1,183,050.00	73.5%	2,850,403.85	58,353.85
274	Bradford SSD	1,055,025.00	697,000.00	358,025.00	51.4%	1,077,075.02	22,050.02
275	Gibson County SSD	5,517,312.00	3,465,000.00	2,052,312.00	59.2%	5,632,623.82	115,311.82
280	Giles County	10,362,345.00	6,429,000.00	3,933,345.00	61.2%	10,578,918.01	216,573.01
290	Grainger County	3,346,047.00	2,462,000.00	884,047.00	35.9%	3,415,979.38	69,932.38
300	Greene County	10,845,184.00	11,924,000.00	(1,078,816.00)	-9.0%	11,071,848.35	226,664.35
301	Greeneville City	10,465,970.00	4,506,000.00	5,959,970.00	132.3%	10,684,708.77	218,738.77
310	Grundyl County	2,223,684.00	1,739,000.00	484,684.00	27.9%	2,270,159.00	46,475.00
320	Hamblen County	25,058,231.00	18,934,000.00	6,124,231.00	32.3%	25,581,948.03	523,717.03
330	Hamilton County	174,236,244.00	112,953,000.00	61,283,244.00	54.3%	177,877,781.50	3,641,537.50
340	Hancock County	880,360.00	548,000.00	332,360.00	60.6%	898,759.52	18,399.52
350	Hardeman County	7,599,718.00	4,015,000.00	3,584,718.00	89.3%	7,758,552.11	158,834.11
360	Hardin County	9,496,107.00	6,274,000.00	3,222,107.00	51.4%	9,694,575.64	198,468.64
370	Hawkins County	13,768,373.00	8,947,000.00	4,821,373.00	53.9%	14,056,132.00	287,759.00
371	Rogersville City	1,617,905.00	698,000.00	919,905.00	131.8%	1,651,719.21	33,814.21
380	Haywood County	5,770,168.00	4,025,000.00	1,745,168.00	43.4%	5,890,764.51	120,596.51
390	Henderson County	5,897,039.00	4,297,000.00	1,600,039.00	37.2%	6,020,287.12	123,248.12
391	Lexington City	2,671,600.00	1,280,000.00	1,391,600.00	108.7%	2,727,436.44	55,836.44
400	Henry County	9,205,473.00	5,041,000.00	4,164,473.00	82.6%	9,397,867.39	192,394.39
401	Paris SSD	4,279,569.00	2,377,000.00	1,902,569.00	80.0%	4,369,011.99	89,442.99
410	Hickman County	4,616,225.00	2,857,000.00	1,759,225.00	61.6%	4,712,704.10	96,479.10

Inflation Rate to MOE							
						FY10 BEP Inflation Factors	
						0.0057	Non-Compensation
						0.0286	Compensation
						\$ 0.02	Combined
		-6		(6) - (5)			
					% Above Required Local Match	Required Proposed MOE Budget Level	Increases
District	2008-2009 MOE Budget Levels	2008-2009 BEP Required Local Match	Differences				
420	Houston County	1,421,504.00	1,134,000.00	287,504.00	25.4%	1,451,213.43	29,709.43
430	Humphreys County	4,564,299.00	4,353,000.00	211,299.00	4.9%	4,659,692.85	95,393.85
440	Jackson County	2,290,001.00	1,488,000.00	802,001.00	53.9%	2,337,862.02	47,861.02
450	Jefferson County	12,697,800.00	10,272,000.00	2,425,800.00	23.6%	12,963,184.02	265,384.02
460	Johnson County	3,373,987.00	2,416,000.00	957,987.00	39.7%	3,444,503.33	70,516.33
470	Knox County	213,107,510.00	150,240,000.00	62,867,510.00	41.8%	217,561,456.96	4,453,946.96
480	Lake County	1,267,944.00	777,000.00	490,944.00	63.2%	1,294,444.03	26,500.03
490	Lauderdale County	6,125,835.00	3,853,000.00	2,272,835.00	59.0%	6,253,864.95	128,029.95
500	Lawrence County	9,869,668.00	7,972,000.00	1,897,668.00	23.8%	10,075,944.06	206,276.06
510	Lewis County	1,782,630.00	1,740,000.00	42,630.00	2.5%	1,819,886.97	37,256.97
520	Lincoln County	6,412,303.00	5,288,000.00	1,124,303.00	21.3%	6,546,320.13	134,017.13
521	Fayetteville City	2,252,535.00	1,258,000.00	994,535.00	79.1%	2,299,612.98	47,077.98
530	Loudon County	13,558,850.00	9,415,000.00	4,143,850.00	44.0%	13,842,229.97	283,379.97
531	Lenoir City	7,057,848.00	3,982,000.00	3,075,848.00	77.2%	7,205,357.02	147,509.02
540	McMinn County	11,519,983.00	10,009,000.00	1,510,983.00	15.1%	11,760,750.64	240,767.64
541	Athens City	5,303,371.00	2,932,000.00	2,371,371.00	80.9%	5,414,211.45	110,840.45
542	Etowah City	726,170.00	653,000.00	73,170.00	11.2%	741,346.95	15,176.95
550	McNairy County	6,043,280.00	4,766,000.00	1,277,280.00	26.8%	6,169,584.55	126,304.55
560	Macon County	4,884,740.00	4,050,000.00	834,740.00	20.6%	4,986,831.07	102,091.07
570	Madison County	48,059,183.00	34,159,000.00	13,900,183.00	40.7%	49,063,619.92	1,004,436.92
580	Marion County	8,183,560.00	6,220,000.00	1,963,560.00	31.6%	8,354,596.40	171,036.40
581	Richard City SSD	760,100.00	466,000.00	294,100.00	63.1%	775,986.09	15,886.09
590	Marshall County	11,113,000.00	6,718,000.00	4,395,000.00	65.4%	11,345,261.70	232,261.70
600	Maury County	29,315,774.00	21,757,000.00	7,558,774.00	34.7%	29,928,473.68	612,699.68
610	Meigs County	1,968,500.00	1,552,000.00	416,500.00	26.8%	2,009,641.65	41,141.65
620	Monroe County	8,988,299.00	7,543,000.00	1,445,299.00	19.2%	9,176,154.45	187,855.45
621	Sweetwater City	2,671,940.00	1,943,000.00	728,940.00	37.5%	2,727,783.55	55,843.55
630	Montgomery County	63,971,843.00	42,035,000.00	21,936,843.00	52.2%	65,308,854.52	1,337,011.52
640	Moore County	2,175,458.00	1,366,000.00	809,458.00	59.3%	2,220,925.07	45,467.07
650	Morgan County	2,967,643.00	1,954,000.00	1,013,643.00	51.9%	3,029,666.74	62,023.74
660	Obion County	8,606,689.00	5,929,000.00	2,677,689.00	45.2%	8,786,568.80	179,879.80
661	Union City	4,184,495.00	2,038,000.00	2,146,495.00	105.3%	4,271,950.95	87,455.95
670	Overton County	3,796,724.00	3,172,000.00	624,724.00	19.7%	3,876,075.53	79,351.53

Inflation Rate to MOE							
						FY10 BEP Inflation Factors	
						0.0057	Non-Compensation
						0.0286	Compensation
						\$ 0.02	Combined
		-6		(6) - (5)			
					% Above Required Local Match	Required Proposed MOE Budget Level	Increases
District	2008-2009 MOE Budget Levels	2008-2009 BEP Required Local Match	Differences				
680	Perry County	1,707,731.00	1,376,000.00	331,731.00	24.1%	1,743,422.58	35,691.58
690	Pickett County	1,008,085.00	817,000.00	191,085.00	23.4%	1,029,153.98	21,068.98
700	Polk County	3,886,840.00	2,650,000.00	1,236,840.00	46.7%	3,968,074.96	81,234.96
710	Putnam County	27,455,667.00	20,672,000.00	6,783,667.00	32.8%	28,029,490.44	573,823.44
720	Rhea County	6,931,700.00	5,025,000.00	1,906,700.00	37.9%	7,076,572.53	144,872.53
721	Dayton City	975,675.00	823,000.00	152,675.00	18.6%	996,066.61	20,391.61
730	Roane County	20,170,500.00	13,025,000.00	7,145,500.00	54.9%	20,592,063.45	421,563.45
740	Robertson County	22,656,200.00	14,986,000.00	7,670,200.00	51.2%	23,129,714.58	473,514.58
750	Rutherford County	96,480,008.00	59,048,000.00	37,432,008.00	63.4%	98,496,440.17	2,016,432.17
751	Murfreesboro City	22,582,517.00	11,686,000.00	10,896,517.00	93.2%	23,054,491.61	471,974.61
760	Scott County	3,334,280.00	2,544,000.00	790,280.00	31.1%	3,403,966.45	69,686.45
761	Oneida SSD	1,903,995.00	1,125,000.00	778,995.00	63.2%	1,943,788.50	39,793.50
770	Sequatchie County	4,386,845.00	2,400,000.00	1,986,845.00	82.8%	4,478,530.06	91,685.06
780	Sevier County	64,989,127.00	45,990,000.00	18,999,127.00	41.3%	66,347,399.75	1,358,272.75
790	Shelby County	160,605,376.00	96,388,000.00	64,217,376.00	66.6%	163,962,028.36	3,356,652.36
791	Memphis City	452,570,570.00	230,279,000.00	222,291,570.00	96.5%	462,029,294.91	9,458,724.91
800	Smith County	4,218,700.00	3,493,000.00	725,700.00	20.8%	4,306,870.83	88,170.83
810	Stewart County	3,167,919.00	2,001,000.00	1,166,919.00	58.3%	3,234,128.51	66,209.51
820	Sullivan County	40,190,666.00	26,279,000.00	13,911,666.00	52.9%	41,030,650.92	839,984.92
821	Bristol City	17,020,407.00	8,289,000.00	8,731,407.00	105.3%	17,376,133.51	355,726.51
822	Kingsport City	36,260,400.00	13,366,000.00	22,894,400.00	171.3%	37,018,242.36	757,842.36
830	Sumner County	63,678,777.00	39,241,000.00	24,437,777.00	62.3%	65,009,663.44	1,330,886.44
840	Tipton County	14,695,000.00	9,694,000.00	5,001,000.00	51.6%	15,002,125.50	307,125.50
850	Trousdale County	1,496,174.00	1,144,000.00	352,174.00	30.8%	1,527,444.04	31,270.04
860	Unicoi County	4,024,381.00	3,386,000.00	638,381.00	18.9%	4,108,490.56	84,109.56
870	Union County	3,468,439.00	2,093,000.00	1,375,439.00	65.7%	3,540,929.38	72,490.38
880	Van Buren County	1,242,950.00	790,000.00	452,950.00	57.3%	1,268,927.66	25,977.66
890	Warren County	11,818,378.00	8,897,000.00	2,921,378.00	32.8%	12,065,382.10	247,004.10
900	Washington County	25,861,721.00	20,286,000.00	5,575,721.00	27.5%	26,402,230.97	540,509.97
901	Johnson City	29,158,489.00	15,494,000.00	13,664,489.00	88.2%	29,767,901.42	609,412.42
910	Wayne County	2,476,062.00	1,971,000.00	505,062.00	25.6%	2,527,811.70	51,749.70
920	Weakley County	6,924,632.00	5,888,000.00	1,036,632.00	17.6%	7,069,356.81	144,724.81
930	White County	4,835,100.00	4,322,000.00	513,100.00	11.9%	4,936,153.59	101,053.59

Inflation Rate to MOE							
						FY10 BEP Inflation Factors	
						0.0057	Non-Compensation
						0.0286	Compensation
						\$ 0.02	Combined
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					% Above Required Local Match	Required Proposed MOE Budget Level	Increases
	District	2008-2009 MOE Budget Levels	2008-2009 BEP Required Local Match	Differences			
940	Williamson County	108,262,235.00	74,420,000.00	33,842,235.00	45.5%	110,524,915.71	2,262,680.71
941	Franklin SSD	24,293,038.00	10,687,000.00	13,606,038.00	127.3%	24,800,762.49	507,724.49
950	Wilson County	39,570,691.00	26,317,000.00	13,253,691.00	50.4%	40,397,718.44	827,027.44
951	Lebanon SSD	9,117,786.00	5,917,000.00	3,200,786.00	54.1%	9,308,347.73	190,561.73
Total	State Totals	\$ 2,912,762,574.00	\$ 1,837,760,000.00	\$ 1,075,002,574.00	58.5%	\$ 2,973,639,311.80	\$ 60,876,737.80